

assume no liability hereunder for failure to act pursuant to such instructions unless and until they are received in form satisfactory to the Trustee.

All transactions for the Trust Fund related to the acquisition or disposal of assets managed by an Investment Manager, as well as all purchases and sales of such assets, shall be made upon such terms and conditions and from or through such principals and agents, as the Investment Manager shall determine. No such transactions shall be executed through the facilities of the Trustee except in those instances where the Trustee shall make available its facilities solely for the purposes of temporary investment of cash reserves.

The Investment Manager shall have exclusive authority to manage the assets allocated to it by the Company. The Trustee shall be under no duty to review any investment acquired, held or disposed of by an Investment Manager, and it is contemplated by the parties hereto that the officers and employees whom the Trustee will assign to perform the Trustee's functions with respect to assets under management by an Investment Manager will not have expert knowledge of investment management.

The Investment Manager at any time and from time to time may issue orders for the purchase or sale of securities directly to a broker or dealer. Written notification of the issuance of each such order shall be given to the Trustee by the Investment Manager, and the execution of each such order shall be confirmed to the Trustee by the broker or dealer. Such notification shall be authority for the Trustee to pay for securities purchased against receipt thereof and

to deliver securities sold against payment therefor, as the case may be, in accordance with standard industry practices.

If an Investment Manager resigns or is removed by the Company, the Trustee upon receipt of notice of such resignation or removal shall manage the investment of the Trust Fund or the part thereof previously under the management of such Investment Manager until it shall be duly notified of the appointment of another Investment Manager; provided that the Trustee shall have a reasonable period of time in which to notify the Company that it rejects the management of any or all of the assets devolving upon it in this way. Thereupon the Trustee shall be relieved ab initio of any responsibility for the management of the rejected assets and the Company shall appoint another Investment Manager for the management of such assets. For this purpose a reasonable period of time shall not exceed forty-eight hours after the receipt of notice by the Trustee.

SECTION 10. With the consent of the Company and the Trustee, any other employer that is an affiliate of GTE Corporation may join in this Agreement as an "Associate" by filing with the Company and the Trustee a duly executed instrument in the form annexed hereto as Exhibit A. Employers listed in Exhibit B annexed hereto shall be deemed Associates hereunder without further action. The contributions which may be made by each Associate, and the earnings and profits thereon, shall be held by the Trustee as a part of the Trust Fund unless segregated in a separate trust as provided in Section 12 hereof.

SECTION 11. Each Associate appoints the Company and the Committee as its agents to exercise on its behalf all of the respective powers and authority conferred upon the Company and the Committee by this Trust Agreement, including, without limitation, the power to amend or terminate this Trust Agreement. The authority of the Company and the Committee to act as agents of any Associate shall terminate only if the part of the Trust Fund held under each plan of such Associate shall be segregated in a separate trust as provided in Section 12 hereof.

SECTION 12. At the request of any Associate the Company shall, and on its own initiative the Company may, direct the Trustee to segregate the part of the Trust Fund held under each plan of such Associate, specifying both the amount and the particular assets of the Trust Fund to be segregated. The Trustee shall follow such directions of the Company, and the part of the Trust Fund so segregated shall thereafter be held under a separate trust similar to that hereby established; except that with respect to such separate trust, this Trust Agreement shall be construed as if such Associate had been named as the Company and all powers and authority conferred upon the Company and the Committee shall devolve upon such Associate and a similar committee appointed by such Associate.

SECTION 13. The Company reserves the right at any time and from time to time to amend or terminate, in whole or in part, any or all of the provisions of this Trust Agreement (and the Trust created hereby) pursuant to a resolution of its Board of Directors; provided

that no such amendment which affects the rights, duties or responsibilities of the Trustee may be made without its consent in writing. In the event of the termination of the trust created hereby, the Trust Fund shall be disposed of by the Trustee in accordance with the written order of the Committee.

SECTION 14. Notwithstanding anything to the contrary contained in this Trust Agreement, or in any amendment thereto, it shall be impossible for any part of the Trust fund to inure to the benefit of any private shareholder or individual other than through the payment of benefits under the Plan and the payment of reasonable administrative expenses of the Plan; provided that, in the event of the termination of this Trust Agreement and the trust, and after satisfaction of all liabilities to existing Plan participants and beneficiaries, at the Company's option the Trust Fund shall either be (1) distributed as specified by the Company to the employees participating in the Plan with the amounts distributed to such employees determined pursuant to a collective bargaining agreement or on the basis of objective and reasonable standards that do not result in either unequal payments to similarly situated employees or in disproportionate payments to officers, shareholders or highly compensated employees, or (2) applied as specified by the Company to provide, either directly or through the purchase of insurance, life, sick, accident or other benefits within the meaning of Section 501(c)(d) of the Code and the regulations thereunder pursuant to criteria that do not provide for disproportionate benefits to

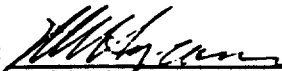
officers, shareholders or highly compensated employees. The Trust Fund shall not be distributed under any circumstances to the Company.

SECTION 15. The Trustee hereby accepts the trust established by this Trust Agreement on the terms and conditions herein set forth. The Trustee represents and covenants that it will comply with all applicable laws in the exercise of its rights and the performance of its obligations hereunder.

SECTION 16. This Trust Agreement shall be administered and construed according to the laws of the State of Connecticut, except as may otherwise be required by Federal law.


IN WITNESS WHEREOF, this Trust Agreement has been executed by GTE SERVICE CORPORATION, and its corporate seal affixed and attested, by its officers thereunto duly authorized, and by STATE STREET BANK AND TRUST COMPANY, and its corporate seal affixed and attested, by its officers thereunto duly authorized, as of the day and year first above written.

GTE SERVICE CORPORATION

By: 
William L. Hyland
Vice President - Insurance

(Corporate Seal)

Attest:

By: 
Ronald J. Tuccillo
Assistant Secretary

STATE STREET BANK AND TRUST
COMPANY

By: 
Vice President

(Corporate Seal)

Attest:

By: 
Assistant Secretary

ATTACHMENT IV

VEBA TRUST TRUST AGREEMENT

VEBA TRUST

TRUST AGREEMENT

Between

GTE SERVICE CORPORATION

and

STATE STREET BANK AND TRUST COMPANY

THIS TRUST AGREEMENT, dated and effective as amended and restated as of January 1, 1991, entered into by GTE SERVICE CORPORATION, a New York corporation (hereinafter called the "Company"), and STATE STREET BANK AND TRUST COMPANY, a National banking association organized and existing under the laws of the United States (hereinafter call the "Trustee").

WITNESSETH THAT

WHEREAS, GTE Corporation, a New York corporation and the parent of the Company, has adopted an employee health benefit plan (such plan as amended to date and as it may be amended hereafter is hereinafter called the "Plan") for the benefit of certain employees of corporations in its controlled group of corporations and certain other affiliated employers as provided in the Plan, and a copy of the Plan has been delivered to the Trustee; and

WHEREAS, the Company is the administrator of the Plan and is authorized to enter into this Agreement with the Trustee as a funding medium for the Plan; and

WHEREAS, the Company intends that the trust created by this Trust Agreement shall constitute a part of the Plan, that together with such Plan, the trust shall qualify as a voluntary employees' beneficiary association ("VEBA") under Section 501(c)(9) of the Internal RevenueCode of 1986, as

amended from time to time (hereinafter called the "Code"), shall be exempt from Federal income tax under Section 501(a) of the Code, and shall satisfy the requirements of the Employee Retirement Income Security Act of 1974, as amended from time to time (hereinafter called "ERISA").

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter stated, the Company and the Trustee do hereby declare and agree, each with the other, as follows:

SECTION 1. The Company hereby establishes with the Trustee a trust to fund and pay the benefits and other liabilities of the Plan. The trust property shall comprise all sums of money, securities and other property now held by the Trustee for the purposes of the trust and such other sums of money, securities and other property acceptable to the Trustee as shall from time to time be paid or delivered to the Trustee for such purposes together with the earnings and profits thereon. All such money, securities and other property, all investments made therewith and proceeds thereof and all earnings and profits thereon, less the payments which at the time of reference shall have been made by the Trustee in accordance with this Agreement, are hereinafter called the "Trust Fund." The Trust Fund shall be held by the Trustee in trust and dealt with in accordance with the provisions of this Agreement.

SECTION 2. It shall be the duty of the Trustee to (a) hold, invest and reinvest the Trust Fund as provided herein; and (b) make payments or transfers from or within the Trust Fund on the order of the Company or the Company's Employee Benefits Committee (hereinafter called the "Committee") or on the order of any agent designated in writing by the Company or the Committee. The Trustee shall not be responsible for (i) the propriety of such payments or transfers or (ii) the administration of the Plan, or (iii) for any property not paid or delivered to the Trustee, and the Trustee shall be under no duty to enforce payment of any contributions to the Plan.

SECTION 3. Subject to the provisions of Section 9 hereof and ERISA, the Trustee shall invest and reinvest the Trust Fund and keep the Trust Fund invested, without distinction between principal and income, in any and all common stocks, preferred stocks, bonds, debentures, mortgages on real or personal property wherever situated, equipment trust certificates, certificates of deposit or demand or time deposits (including, to the extent permitted by applicable federal, any such certificates of deposit or demand or time deposits with the Trustee or an affiliate of the Trustee which bear a reasonable rate of interest), notes or other evidences of indebtedness, or other securities, and in any other property or joint or other part interest in property (including, without limitation, part interests in bonds and

mortgages or notes and mortgages), real or personal, foreign (including non-United States) or domestic and wherever situated and of any kind, class or character, which the Trustee may in its discretion deem suitable for the Trust Fund; provided that, except as authorized by the Secretary of Labor by regulation, the indicia of ownership of all property held in the Trust Fund shall be retained within the jurisdiction of the District Courts of the United States. Such investment and reinvestment shall not be restricted to property authorized for investment by trustees under any present or future law of any State.

SECTION 4. Subject to the provisions of Section 9 hereof and ERISA, the Trustee is authorized and empowered in its discretion, but not by way of limitation:

(a) to sell, exchange, convey, transfer or otherwise dispose of any property, real or personal, at any time held by it, by private contract or at public auction, upon such conditions, at such prices and in such manner as the Trustee shall deem advisable, and no person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity, expediency or propriety of any such sale or other disposition;

(b) to vote upon any stocks, bonds or other securities and to give general or special proxies or powers of attorney with or without power of substitution, to sell or exercise any conversion privileges, subscription rights or other

options and to make any payments incidental thereto; to consent to or otherwise participate in corporate reorganizations, mergers, consolidations or other changes affecting corporate securities and to delegate discretionary powers and to pay any assessments or charges in connection therewith; and generally to exercise any of the powers of an owner with respect to stocks, bonds, securities or other property held in the Trust Fund;

(c) to hold property in the Trust Fund in its own name or in the name of one or more of its nominees or one or more nominees of any system for the central handling of securities and to hold any investment in bearer form, but the books and records of the Trustee shall at all times show that all such investments are part of the Trust Fund;

(d) to manage, administer, operate, lease for any number of years, regardless of any restrictions on leases made by fiduciaries, develop, improve, repair, alter, demolish, mortgage, pledge, grant options with respect to or otherwise deal with any real property or interest therein at any time held by it;

(e) to employ suitable agents, auditors and legal counsel or other advisers, and to pay their reasonable expenses and compensation;

(f) to compromise, compound, settle or arbitrate any claim, debt or obligation due to or from it as Trustee and to reduce the rate of interest on, extend or otherwise modify, or to foreclose upon default or otherwise enforce any such

obligation; to bid in property on foreclosure or to take a deed in lieu of foreclosure with or without paying consideration therefor and in connection therewith to release the obligation on the bond secured by the mortgage; provided, however, that the Trustee shall not be required to take any action under this paragraph unless it shall have been indemnified by the Company to its reasonable satisfaction against liability or expenses it might incur therefrom;

(g) to the extent permitted by applicable federal law, to commingle part or all of the Trust Fund in or with one or more group trusts, common or collective trust funds or pooled investment funds, whether now existing or hereafter created, including any such funds maintained by the Trustee or an affiliate of the Trustee, in which the collective investment of funds of a VEBA is permitted under the code and other applicable federal law; provided, however, that the Trustee's books and records shall at all times show the equitable share of the Trust Fund in any such common fund;

(h) to borrow money in such amounts and upon such terms and conditions as shall be deemed advisable or necessary to carry out the purposes of the Trust and to pledge any securities or other property of the Trust for the repayment of any such loan; provided, however, that no such loan or advance shall be made to the Trust by the Trustee, other than temporary advances to the Trust on a cash or overdraft basis on which no interest is payable; and

(i) to make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or proper to carry out the powers herein granted.

SECTION 5. All reasonable expenses of administration and management of the Plan and the Trust Fund, including all administrative expenses incurred by the Trustee in the performance of its duties (including fees for legal services rendered to the Trustee, such compensation to the Trustee as may be agreed upon from time to time between the Company and the Trustee and evidenced by a writing signed by an officer of the Company, and all other proper charges and disbursements of the Trustee), brokerage costs and transfer taxes incurred in connection with the investment and reinvestment of the Trust Fund, all expenses incurred in connection with the acquisition, disposition or holding of real or personal property, any interest therein or mortgage thereon, and all income taxes or other taxes of any kind that may be levied or assessed under existing or future laws upon or in respect of the Trust Fund, shall be paid from the Trust Fund, except to the extent paid by the Company.

Notwithstanding the preceding provisions of this Section 5, (a) the administrative expenses incurred by the Trustee in the performance of its duties shall be paid from the Trust Fund only if and to the extent that the Trustee has submitted to the Company and the Company has reviewed and approved a

detailed statement of such fees and other expenses, and (b) the fees and expenses of any investment manager shall be paid from the Trust Fund only if and to the extent that the Company has reviewed and approved such fees and other expenses, and in either case the Company has directed the Trustee to withdraw monies from the Trust Fund in an amount sufficient to cover such fees and other expenses. All such expenses, until paid, shall constitute a charge upon the Trust Fund and if not paid by the Company within 90 days after becoming due may be withdrawn from the Trust Fund.

SECTION 6. The Trustee shall keep full accounts of all of its receipts and disbursements hereunder. The Trustee's financial statements, books and records with respect to the Trust Fund shall be open to inspection by the Company or the Committee or their agents at all reasonable times during the business hours of the Trustee and may be audited by independent public accountants engaged by the Company or the Committee. Within 90 days after the close of each year or of any date of termination of the duties of the Trustee, the Trustee shall mail to the Company an account or accounts of its transactions as trustee hereunder. If within 90 days after receipt of such account or accounts the Company has not delivered to the Trustee any written notice of objection to such account or accounts, such account or accounts shall become an account or accounts stated between the Trustee and the Company and the Trustee shall be released and discharged

from all liability with respect to the transactions fully and fairly shown in such account or accounts as if such account or accounts had been settled and allowed by a judgment or decree of a court of competent jurisdiction in a proceeding in which the Trustee and the Company were the sole parties. The Trustee or the Company shall have the right to apply to a court of competent jurisdiction for judicial settlement of any account of the Trustee not previously settled as herein provided. In any such action or proceeding it shall be necessary to join as parties only the Trustee and the Company (although the Trustee or the Company may also join such other parties as it may deem appropriate), and any judgment or decree entered therein shall be conclusive.

SECTION 7. The Trustee may resign at any time upon 60 days notice in writing to the Company. The Trustee may be removed by the Company, pursuant to a resolution of the Company's Board of Directors, at any time upon 60 days notice in writing to the Trustee. Within 60 days after such notice of such resignation or removal of the Trustee, the Company, pursuant to a resolution of its Board of Directors, shall appoint a successor trustee. Any successor trustee shall have the same powers and duties as those conferred upon the Trustee hereunder, and, subject to receipt by the Trustee of written acceptance of such appointment by the successor trustee, the Trustee shall assign, transfer and pay over to such successor trustee the money, securities and other

property then constituting the Trust Fund. If within sixty days of the delivery of the Trustee's notice of resignation a successor Trustee shall not have been appointed, the Trustee may apply to any court of competent jurisdiction for the appointment of a successor trustee.

SECTION 8. The Trustee shall be fully protected in relying upon the authenticity of:

(a) copies of resolutions of the Board of Directors of the Company or the Committee certified, as the case may be, by the Company's Secretary or Assistant Secretary under its corporate seal or by the Secretary of the Committee;

(b) written communications from the Company signed by one or more of the Company's duly authorized officers, employees or agents; or

(c) written communications from the Committee signed by two or more members of the Committee or its duly authorized agent.

The authorization of the Company's officers, employees and agents and the membership of the Committee shall be evidenced by a resolution of the Board of Directors of the Company. The Company or the Committee from time to time shall furnish or cause to be furnished to the Trustee a certificate of the Secretary or an Assistant Secretary of the Company or Committee, as the case may be, as to the names and signatures of all persons designated as members of any

committee, and of any agent or agents or other person or persons, authorized to issue orders, requests, instructions and objections to the Trustee pursuant to the provisions of this Agreement. All orders, requests, instructions and objections of any of such agents, persons or committees authorized to act in accordance with the provisions of this Agreement shall be in writing, unless such grant of authority specifically authorizes the order, request, instruction or objection to be given orally, and the Trustee shall be fully protected in acting in accordance therewith. The Trustee

shall have the right to assume in the absence of written notice to the contrary, that no event constituting a change in membership or authority of any such committee or terminating the authority of any such agent or person to act hereunder or in connection with this Agreement has occurred.

To the extent permitted by applicable law, the Company shall indemnify and hold harmless the Trustee for any liability or expense, including, without limitation, reasonable attorney's fees, incurred by the Trustee solely by reason of any act done or omitted to be done by the Trustee in compliance with any written order or direction of the Company, the Committee or any Investment Manager.

SECTION 9. The Company shall from time to time specify by written notice to the Trustee whether the investment and reinvestment of the Trust Fund (or any portion thereof), in

the manner provided in Section 3 hereof, shall be managed by the Trustee, or shall be managed by one or more investment managers (hereinafter called an "Investment Manager") appointed by the Company, or whether both the Trustee and one or more Investment Managers are to participate in investment management and if so how the investment responsibility is to be divided with respect to assets, classes of assets or separate investment funds specified and defined in such notice. Any such Investment Manager shall be (a) registered as an investment adviser under the Investment Advisers Act of 1940, (b) a bank as defined in the Investment Advisers Act of 1940, or (c) an insurance company qualified to manage, acquire or dispose of any asset in the Trust Fund under the laws of more than one State. If the Trust Fund is to be managed in whole or in part by an Investment Manager, the Trustee shall be given copies of the instructions appointing the Investment Manager and evidencing its acceptance of such appointment and acknowledgment that it is a fiduciary of the Plan and, where required, a certificate evidencing the Investment Manager's registration under the Investment Advisers Act of 1940. The Trustee may continue to rely upon such instruments and certificate as evidence of the Investment Manager's authority to manage, acquire and dispose of assets of the Trust Fund until otherwise notified in writing by the Company. The Trustee shall not be a party to any agreement between the Company and the Investment Manager,

and the Trustee shall not be responsible for the terms and conditions of any such agreement.

The Investment Manager shall furnish the Trustee from time to time with the names and signature of those persons who shall be authorized to instruct the Trustee on its behalf hereunder. The Trustee shall have the right to request that all instructions of an Investment Manager pursuant to this Agreement be in writing and shall assume no liability hereunder for failure to act pursuant to such instructions unless and until they are received in form satisfactory to the Trustee.

All transactions for the Trust Fund related to the acquisition or disposal of assets managed by an Investment Manager, as well as all purchases and sales of such assets, shall be made upon such terms and conditions and from or through such principals and agents, as the Investment Manager shall determine. No such transactions shall be executed through the facilities of the Trustee except in those instances where the Trustee shall make available its facilities solely for the purposes of temporary investment of cash reserves.

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a reasonable period of time shall not exceed forty-eight hours after the receipt of notice by the Trustee.

SECTION 10. With the consent of the Company and the Trustee, any other employer that is an affiliate of GTE Corporation may join in this Agreement as an "Associate" by filing with the Company and the Trustee a duly executed instrument in the form annexed hereto as Exhibit A. Employers listed in Exhibit B annexed hereto shall be deemed Associates hereunder without further action. The contributions which may be made by each Associate, and the earnings and profits thereon, shall be held by the Trustee as a part of the Trust Fund unless segregated in a separate trust as provided in Section 12 hereof.

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